



## **Areas of Medical Expense Variation Form**

### **Background**

Consistent with our statutory responsibility to promote affordability and encourage policies that improve the quality and efficiency of the health care delivery system, the State of the Rhode Island Office of the Health Insurance Commissioner (OHIC), is requesting that issuers identify key drivers of medical spending in the state as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers undertaken by the office. These data will allow OHIC to further understand which areas of care are of most concern and will inform its continued efforts to improve affordability and promote delivery system reform.

We ask that issuers review their claims information and identify in which areas of care their Rhode Island member base varies the most relative to the issuer's benchmark. The analysis shall be subject to the following specifications.

### **Benchmark**

The issuer may designate its own benchmark values for medical spending in a given category. OHIC recommends that issuers use regional, national, or historical comparable values of per capita spending against which the issuer can determine abnormal spending for a particular set of services.

### **Rhode Island Member Base**

The issuer should limit the analysis to its Rhode Island member base, specifically those members for whom the issuer has listed a Rhode Island zip code and who is a covered member of a policy or plan that is issued or administered by your company to a policy holder or plan sponsor who is a Rhode Island individual, business, or other entity.

### **Areas of Care**

The issuers have flexibility in the units of care or services for which to perform this analysis. OHIC is interested in understanding for which major procedure types and/or diagnoses the issuer spends significantly more than the benchmark. As such, issuers should choose areas of care for which they have comparable benchmarks for the same approximate time period.

To ensure consistency and comparability of data across issuers, OHIC requests issuers perform the analysis at the aggregated procedure level. For instance, an acceptable level of granularity would be "diagnostic imaging," "drug testing," or "urinalysis." In addition, issuers may wish to identify variation at more refined procedure levels to support variation in the major area of care. For instance, an issuer may list "PET scans" to support variation in "diagnostic imaging." The

more refined analysis is optional but would provide needed clarity in understanding the patterns of spending among Rhode Island residents.

Finally, the issuer shall provide a brief description of the major areas of care for which it has identified significant variation.

### **Variation Thresholds**

Issuers should limit their analysis to areas of care that alone represent more than one percent of total medical spending.

### **Areas of Analysis**

The analysis should report the following data:

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark
2. The total and per capita dollar value of excess spending (total dollars above the benchmark value) for each of the five areas of care identified in number one above
3. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark
4. The percent of positive variation in per capita spending from the benchmark for each of the five areas of care identified in number three above
5. The total dollar value of excess spending (total dollars above the benchmark) associated with each of the five areas identified in number three above

Issuers should also include the estimated cause of elevated spending for each of these items, such as changes in utilization, price, site of care, intensity of services provided, or other contributing factors. Additionally, issuers may also comment on particular trends by gender, age, and geography that further contextualize the variation and sharpen OHIC's understanding of the drivers of rising medical spending.

Finally, all information presented to the public will be aggregated and de-identified. Thank you for your cooperation.